

2007-2008 Qualified Allocation Plan ("Allocation Plan") for the State of Indiana

This "Allocation Plan" constitutes the "Qualified Allocation Plan" for the State of Indiana (the "State"), and is intended to comply with the requirements set forth in Section 42 of the Internal Revenue Code of 1986, as amended, including all applicable rules and regulations promulgated there under (collectively, the "Code"). As used herein, "Applicant" shall include any owner, principal and participant, including any affiliates. This Allocation Plan applies to all allocations of rental housing tax credits (RHTCs) pursuant to Section 42 of the Code, multifamily private activity tax-exempt bonds ("Bonds"), Rural Preservation Loan Fund and HOME Investment Partnership funds ("HOME") in conjunction with RHTCs (collectively "Rental Housing Financing Programs") made in calendar years 2007-2008 and sets forth: (A) the role of the Indiana Housing and Community Development Authority ("Authority") ("IHCD") in administering the Rental Housing Financing Programs; (B) housing goals of the Authority based on the perceived needs throughout the State; (C) Guidelines for Developments receiving RHTCs in conjunction with Private Activity Tax-Exempt Bond Financing; (D) "set aside" categories established by the Authority pursuant to the Code and Indiana law to further the accomplishment of the State's housing goals; (E) minimum threshold requirements which all Applicants and housing Developments must satisfy in order to be considered by the Authority for Rental Housing Financing; and (F) evaluation factors which the Authority will consider in analyzing each application that satisfies all applicable minimum requirements.

A. Role of Authority

The Authority is empowered to act as the housing credit agency for the State to administer, operate and manage the allocation of RHTCs, also known as the Low-Income Housing Tax Credit program, pursuant to Section 42 of the Code and this Allocation Plan.

The actions, determinations, decisions or other rulings made by the Authority pursuant to this Allocation Plan shall not be construed to be a representation or warranty by the Authority as to a Development's compliance with applicable legal requirements, the feasibility or viability of any Development or of any other matter whatsoever, and no action of the Authority shall be relied upon by any person as a representation or warranty by the Authority in connection therewith.

The Authority reserves the right to resolve all conflicts, inconsistencies or ambiguities, if any, in this Allocation Plan or which may arise in administering, operating or managing the allocation of Rental Housing Financing Programs. The Authority in its sole discretion reserves the right to, and may from time to time, amend this Allocation Plan, pursuant to the Code, for any reason including to assure compliance with applicable federal, State or local law and regulations there under which may be amended and/or enacted and promulgated, from time to time and/or to terminate the Program.

B. Authority's Housing Goals

The selection criteria set forth in this Allocation Plan includes, in part, consideration of: (1) Development location; (2) housing needs characteristics; (3) Development characteristics including whether the Development uses existing housing as part of a community revitalization plan; (4) sponsor characteristics; (5) tenant population with special housing needs; (6) the existence of a public housing waiting list; (7) tenant populations of individuals with children; and (8) Developments intended for eventual tenant ownership.

This Allocation Plan:

1. Has been established by the Authority utilizing the selection criteria required by the Code in determining housing priorities of the Authority, which are appropriate to local conditions;



2. Gives preference in allocating Rental Housing Financing among selected Developments that meet the Authority's Housing Goals.

The Authority's goals are to support and encourage Developments that:

- a. Serve the lowest income tenants, with set-aside units for tenants at or below 30% of the area median income rent levels, and provide documentation of financial and supportive capacity, in the opinion of the Authority, to make the Development financially viable for the compliance period;
 - b. Are obligated to serve qualified tenants for the longest period;
 - c. Minimize displacement of existing tenants;
 - d. Are located in qualified census tracts ("QCTs") and/or difficult development areas ("DDAs") (as designated by the Secretary of the Department of Housing and Urban Development ("HUD")), and/or Areas of Chronic Economic Distress as designated by the State and approved by the Secretary of the Treasury and the Secretary of HUD (See Appendix F), and the development of which contributes to a concerted community revitalization plan;
 - e. Substantially upgrade and preserve existing low income housing and are a part of a published community revitalization plan;
 - f. Are obligated to serve tenant populations with special housing needs; and
 - g. Minimize possible negative impact on existing affordable housing units in an area.
3. Provides procedures that the Authority (or an agent or other private contractor of the Authority) will follow in monitoring for compliance with the provisions of the Code notifying the Internal Revenue Service of any noncompliance of which the Authority becomes aware, and in monitoring for compliance with habitability standards through regular site visits.

C. Housing Priorities

After considering the housing needs identified, the Authority has established certain housing priorities for the allocation of RHTCs to better enable the Authority to achieve its housing goals. In connection therewith, the Authority seeks to encourage and promote:

1. Developments which will require an allocation of Rental Housing Financing for the acquisition (if applicable), development and/or rehabilitation of such Development to become a reality.
2. Developments that will be of quality design, financially feasible and otherwise, viable as a qualified low-income housing Development throughout the compliance period.
3. Distribution of Rental Housing Financing among Large Cities, Small Cities and Rural Areas, while emphasizing those areas identified as having greater housing needs.
4. Rehabilitation which substantially upgrades and preserves existing low-income housing and is part of a published community revitalization plan.



5. Developments, which meet special needs in a community or area, such as transitional housing, permanent supportive housing for the homeless, or larger families, or specially equipped Developments for the elderly and disabled including, mixed income.
6. Developments, that provide housing for the lowest income households for the longest period of time possible.
7. Developments, that provide housing for the lowest income households providing optional supportive services.

D. Private Activity Tax-Exempt Bond Financing

Pursuant to the Code, Developments that do not receive a direct allocation from the Authority because such Developments qualify for the four (4%) percent RHTCs under the Code, must nevertheless satisfy and comply with all requirements for an allocation under this Allocation Plan and the Code. See Schedule D - Private Activity Tax-Exempt Bond Requirements.

[Note: A Development that has applied for and/or received an allocation of tax-exempt bond authority will not be eligible for an allocation of nine (9%) percent RHTCs for said Development.]

E. Set Aside Categories

The Authority believes it can best achieve its housing goals by establishing set aside categories based on: (i) development by qualified not-for-profit organizations; (ii) special housing needs, (iii) Development location, (iv) Preservation and (v) Developments which serve the lowest income. More than one (1) set aside category may be addressed by a Development, depending upon the location, characteristics and whether the owner is a qualified not-for-profit organization. However, a Development may only compete in one (1) Development Location set aside. **(Note: There are no set aside categories for Bond financed Developments.)**

The set aside categories, their respective requirements and amount of the annual RHTCs allocated to each are as follows:

1. Qualified Not-for-profit

- a. 10% of available annual RHTCs will be set aside for Developments in which the "qualified not-for-profit organization" owns 100% of the general partner interest, receives at least 25% of the developer fee (if any developer fee is deferred, the for-profit's and not-for-profit's deferral must be proportionate to the amount of developer fee they are to receive), and materially participates in its operations, as such terms are defined in and pursuant to Section 42 of the Code and this Allocation Plan. [Note: 100% general partner ownership interest is only required by a qualified not-for-profit for consideration in this set-aside and does not preclude joint ventures in any other set-aside].

Qualified Not-for-profit Organization Requirements

A not-for-profit organization shall not constitute a "qualified not-for-profit organization" if the not-for-profit organization is affiliated with or is controlled by a for profit organization. To constitute a qualified not-for-profit organization, throughout the compliance period: (i) one of the not-for-profit organization's exempt purposes must include the fostering of low-income housing, (ii) the not-for-profit organization must own 100% of the general partner interest in the Development, (iii) the not-for-profit organization must materially participate (as defined in Section 469(h) of the Code) in the development and operation of the Development, (iv) the not-for-profit organization must comply with all other Sections of the Code applicable to not-for-profit organizations, and (v) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual. The not-for-profit must have been in existence at least one year prior to the date of application, with affordable housing as one of its primary goals.

Required Documentation: At the time of application, Articles of Incorporation or its formation documents for the not-for-profit, IRS documentation of tax-exempt status (e.g. §501(c)(3)), and a complete signed original Not-for-Profit Questionnaire (Form B) with required attachments must be submitted by the Applicant and placed in Tab B.

2. Special Housing Needs

- a. 10% of available annual RHTCs will be set aside for units that provide residential housing for persons with a disability, pursuant to *Indiana Code ("IC") 5-20-1-4.5*, which defines disabled as "a person with a disability who, by reason of physical, mental, or emotional defect or infirmity, whether congenital or acquired by accident, injury, or disease, is totally or partially prevented from achieving the fullest attainable physical, social, economic, mental, and vocational participation in the normal process of living." The Authority shall allocate RHTCs under this section based on the proportionate number of set aside units of a qualified building that is used to provide residential housing for persons with disabilities. The Authority shall hold, if available, the allocation to the set aside category for persons with a disability through October 31 of each calendar year and

beginning November 1 of each such calendar year, any part of such allocation that remains unassigned shall be available for any other appropriate allocation.

- b. 10% of available annual RHTCs will be set aside for Developments specifically designed for use by elderly tenants. Elderly is defined, for the purpose of this Allocation Plan, as those persons 55 years of age or older on or before the date of initial occupancy. No less than eighty percent (80%) of the housing units shall be restricted for and solely occupied by at least one resident in each unit who is 55 years of age or older (Owners considering and/or receiving an allocation under this set aside should be familiar with the Housing For Older Persons Act (an amendment to the Fair Housing Act) and the Implementation of the Housing For Older Persons Act Final Rule.)

3. Development Location

All Applications for RHTCs will compete in only one Development Location set aside defined below:

- a. 10% of available annual RHTCs will be set aside for Developments located within a Large City. For purposes of this set aside Large City is defined as a city with a population of 75,000 or more (See Appendix D). The Development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer). Each Large City will be limited to \$800,000 in annual tax credits per funding round for new construction developments. (This limit includes Developments in all set-aside categories located within a Large City). IHCD will permit an exception to this policy where the Development is part of a City's Revitalization Plan (a copy of the Revitalization Plan approved by the City must be submitted in Tab A in order to be considered for this exception) or the Development entails the demolition and decentralization of units with replacement of units on the same site.
- b. 10% of available annual RHTCs will be set aside for Developments located within a Small City. For purposes of this set aside Small City is defined as a city with a population of 15,000 – 74,999 (See Appendix E). The Development must be located within one mile of the zoning jurisdiction and/or use city utility services (water and sewer).
- c. 15% of available annual RHTCs will be set aside for Developments located in areas designated as "rural", with a population of 14,999 or less, and/or for Developments utilizing Rural Development Funding.
 - One-third (5 %of total available annual RHTCs) of the rural location set-aside's annual RHTCs will be reserved for developments proposing the acquisition and rehabilitation or rehabilitation of current properties financed with United States Department of Agriculture (USDA) Rural Development Section 515 mortgages (RD 515) listed on an Eligible Properties list provided by USDA. Copy of the Eligible Properties list can be found on IHCD's website at www.indianahousing.org. RHTCs not used by Eligible Property applications will be first rolled back into the main rural location set-aside.

If the Development is receiving Rural Development Funding, the owner must choose on the Application the one (1) Development Location set aside in which the Development must compete.

4. Preservation

- a. 20% of available annual RHTCs will be set aside for Developments which involve the substantial rehabilitation (as outlined in the property's Capital Needs Assessment – See Schedule G) of an existing structure (affordable or market rate housing, or otherwise) and/or a Development otherwise in danger of being lost as affordable housing, and/or the demolition and decentralization of housing units utilizing the same site (over 50% of the units must be replaced in the Development/Application).

This includes:



- Developments being removed by a federal agency (i.e. HUD, Rural Development (RD));
- Rental Housing RHTC Developments with Compliance Periods that have expired or are expiring in the current year;
- Developments which entail demolition and decentralization of units with replacement of units on the same site as described above; and
- Re-use of an existing structure(s) for conversion into affordable housing where a minimum of 75% of the Development is converted to affordable housing and/or its common areas (100% of the existing structure must be part of the overall Development)

Rehabilitation hard costs must be in excess of \$15,000 per unit to be considered in this category.

For Developments competing in all other set-asides, rehabilitation hard costs must be in excess of \$10,000 per unit.

5. Lowest Income

- 5% of available annual RHTCs will be set aside for Developments, which restrict 30% or more of its units for tenants whose incomes are at or below 30% of the area median income. The Development must also charge no more than the 30% area median income rent for the set aside units.

The Authority intends to make every effort to satisfy the requirements of such set-aside categories in one (1) application and reservation cycle. If such set-aside categories are not completed through one (1) application and reservation cycle for the applicable year, the Authority may allocate any RHTCs remaining available for allocation without regard to these set aside categories, so long as such allocation is made in accordance with the Code and the applicable requirements of the law of the State and the goals of this Allocation Plan; notwithstanding the foregoing to the contrary, upon completion of the scheduled reservation cycle (i.e., at such time as all or substantially all RHTCs available for allocation in a calendar year have been allocated, other than *de minimus* amounts of RHTCs not reasonably susceptible to allocation to a Development) the Authority, in its discretion, may hold another application and reservation cycle. If another application and reservation cycle will be held, the Authority will provide an announcement thereof. Provided, however, that: (i) the Authority may, in its sole discretion, elect in any reservation cycle not to allocate RHTCs to a Development that might otherwise qualify for an allocation of RHTCs set aside under Section E.1-5 above, if such Development scores ten (10) or more points less than any other Development which has received an allocation of RHTCs in such cycle without regard to such set aside categories.

Notwithstanding the point ranking system set forth in this Plan, the Authority reserves the right and shall have the power to allocate Rental Housing Financing to a Development irrespective of its point ranking, if such intended allocation is: (1) in compliance with Section 42 of the Code; (2) in furtherance of the Housing Goals stated herein; and (3) determined to be in the interests of the citizens of the State of Indiana. Additionally, the Authority will provide a written explanation to the general public for any allocation of RHTCs, which is not made in accordance with the established goals, priorities, and selection criteria in this Allocation Plan.

E. Threshold Requirements

Each Development applying for an allocation of Rental Housing Financing must satisfy the requirements of the Code, such additional requirements established by the Authority, the Program and those set forth in this Allocation Plan, and any additional requirements relating to the continued compliance of the Development after an allocation of Rental Housing Financing by the Authority. All material used in the Development must be new and of high quality, and all work must be performed in a good and workmanlike manner.

1. Federal Threshold Requirements

Each Development shall satisfy all requirements of Section 42 of the Code and such additional provisions of the Code and other federal laws applicable to each Development throughout the required compliance period and/or other applicable period. These requirements include, without limitation:

a. Development Feasibility

Amounts allocated pursuant to this Allocation Plan may not exceed an amount, which the Authority, in its sole discretion, determines is necessary for the financial feasibility of a Development and its viability as a qualified low-income housing Development throughout the Compliance Period. In making this determination, the Authority shall consider: (i) the sources and uses of funds and the total financing planned for the Development; (ii) any proceeds or receipts expected to be generated by reason of tax benefits; (iii) the percentage of the RHTCs used or to be used for Development costs other than the cost of intermediaries, unless such consideration would impede the process of developing in hard-to-develop areas; (iv) the reasonableness of the developmental and operational costs of the Development; and (v) the developmental and/or operational costs of the Development as compared to similar costs of other Applicants; and (vi) such other factors it may consider applicable.

The Authority may establish such criteria and assumptions it deems reasonable for the purposes of its determination, including, without limitation, criteria as to the reasonableness of fees, profits, assumptions as to projected occupancy, the amount of net syndication proceeds to be received, and increases in operating expenses and rental income. Any determination and/or allocation of Rental Housing Financing by the Authority shall not be construed to be a representation or warranty by the Authority as to the feasibility or viability of any Development.

Pursuant to the Code, the foregoing determination shall be made at: (a) the time of application for the Rental Housing Financing; (b) the time of allocation of the RHTC equity amount; (c) anytime there is a material change to the application and/or Development; and (d) the date the building is placed in service or at time of final application (but prior to the issuance of IRS Form 8609).

Required Documentation: The Application (Form A) and any additional documentation regarding the financial feasibility of the Development. Additional documentation may include third party documentation of sources, costs, and uses of funds that the Applicant may find necessary to include with the Application will be considered along with other such documentation the Authority may consider applicable. Additionally, if the Development is proposing commercial space the following proformas must be submitted: (i) a 15-year proforma showing only the commercial portion of the Development; (ii) a 15-year proforma showing only the housing portion of the Development; and (iii) a 15-year proforma showing the housing portion and the commercial portion of the Development combined. Place in Tab A.

b. Local Jurisdiction Notification



No Development shall be entitled to apply for any Rental Housing Financing reservation or allocation until the highest elected official of the local jurisdiction is notified and provided with a reasonable opportunity to comment on the Development. The Authority will consider the response of such official in determining any RHTC allocation for the Development.

Required Documentation: At least 30 days, but no more than 120 days, prior to application submittal, the Applicant must submit Form C (with the Applicant's portion completed) and any additional documentation they wish to provide by certified mail or other service together with appropriate evidence of receipt, of its intent to develop affordable housing to the highest local elected official in the community where the proposed Development will be located. Copies of such information, the returned receipt from the certified mail or other acknowledgement of receipt of the documentation by the highest local elected official (or authorized designee), and any written response(s) from the local officials are a required part of the Rental Housing Finance Application and must be placed in Tab B.

c. Not-For-Profit Participation

A not-for-profit competing for Rental Housing Finance Program funding that has an ownership interest in the proposed Development must submit to IHCDA at the time of application a resolution from its Board of Directors that includes language that approves: 1) the application being made for specific Rental Housing Funding (i.e. private activity tax-exempt bonds, RHTC, Rural Preservation Loan Fund, HOME); 2) the amount of ownership interest the not-for-profit has in the venture; 3) the not-for-profit's specific liabilities in the Development; and 4) the anticipated amount of Developer Fee the not-for-profit will receive.

Required Documentation: 1) Resolution signed by the not-for-profit's Board of Directors must be placed in Tab C. If the document is approved during a Board of Directors meeting, a quorum should pass and sign the resolution and such resolution shall be incorporated into the Minutes of the meeting. 2) All not-for-profits with any ownership interest in the Development and that wish to compete in the Not-for-profit set-aside must submit a signed Not-for-Profit Questionnaire with required attachments (Form B) and placed in Tab C.

d. Market Study

See Schedule C - Market Study Requirements. A Comprehensive market study must be prepared at the developer's expense by a disinterested third party from the approved Indiana Market Study Analyst list (The approved list of market study analysts can be found at www.indianahousing.org). Sufficient demand in the market area of the Development must exist and, based on reasonable predictions, will continue to exist during the term of the Compliance Period or other applicable period, for the number of units to be developed.

Upon receipt of the market study, IHCDA will submit the market study to a reputable independent market analysis professional for an independent review of the market study. IHCDA reserves the right to accept or decline the corresponding tax credit application from further review based on the recommendations of the independent market analysis professional.

Note: The market analysis firm performing the IHCDA independent review of the market studies (as mentioned above) will not be permitted to perform or submit market studies for a Development submitting a 2007-2008 IHCDA funding application.

Required Documentation: A comprehensive market study of the housing needs of low-income individuals in the area to be served by the Development, satisfactory to the Authority at the time the initial Application, must be performed and submitted to IHCDA. One hard copy and one PDF copy on a CD-ROM of the study

must be submitted with the application and must state the name of the Development, the Owner, Development City, and Development County on the front cover. The market study must be no more than twelve (12) months old at the time of submission to IHCD. Place in Tab N.

2. Additional Threshold Requirements of the Authority

All information submitted to the Authority pursuant to this Allocation Plan must be satisfactory to the Authority in its sole and absolute discretion. If the Authority requests additional information from an Applicant, such information must promptly be submitted within timeline(s) determined by the Authority. **Additionally, all documentation (e.g. certifications, letters, market studies, etc.) must be issued/dated within 12 months prior to the Application deadline date.**

IHCD, in its sole discretion, will consider a waiver request from any Applicant, Owner and/or Developer in regards to any of the following Threshold Requirements of the Authority. The Authority must receive the waiver request no later than 30 days prior to the application deadline. The waiver request must include 1) the details of the specific Threshold requirement for which to Development is requesting a waiver, 2) a detailed description as to why the Development can not meet the Threshold requirement, and 3) any additional information the Applicant would like IHCD to consider with the request. IHCD will provide a written response to the request within 20 days of receiving the waiver request.

For a Development to be evaluated for an allocation of RHTCs, each of the following requirements must also be satisfied:

- a. The Authority will not consider or review more than one Application for the same Development or for substantially the same or similar costs submitted by a related Applicant with respect to a particular reservation and application cycle. Submission of more than one Application shall cause the cancellation of any pending Application earlier awarded. Request for supplemental RHTCs will only be permitted after all qualified Developments have been funded. The Authority will notify the public if RHTCs are available for supplemental funding. However, supplemental RHTCs will only be considered for allocations made in the same year.
- b. Until an Applicant, Owner and/or Developer has successfully completed (i.e. has been issued IRS Form 8609) at least one (1) Development in Indiana, the Authority will not consider or review an Application for a Development from the Applicant, Owner and/or a Developer if such Application would, when added to all other RHTC allocations made to the Applicant, Owner and/or Developer, aggregate more than \$800,000 in annual RHTCs.

IHCD, in its sole discretion, will consider a waiver for an Applicant, Owner and/or Developer that has materially participated in a successfully completed (i.e. has been issued IRS Form 8609) Development in Indiana while associated/working for a different organization/company. The Authority must receive the waiver request no later than 30 days prior to the application deadline. The waiver request must include 1) the Name and BIN of the Development(s) in which the Applicant materially participated, 2) the role the Applicant played in each Development, and 3) any additional information the Applicant would like IHCD to consider with the request. IHCD will provide a written response to the request within 20 days of receiving the waiver request.

Required Documentation: The Applicant, Owner, and Developer must submit a list of all RHTC Developments where they have participated with an ownership interest or been part of the Development team (including on a consulting basis). The list must include the following information: 1) Name and Building Identification Number (BIN) of the Development; 2) City and state of Development; 3) number of units in each Development; 4) the year and amount of annual RHTC awarded to each Development; and 5) the role the Applicant played in each Development (e.g. developer, owner, consultant, etc.) Place in Tab D.

- c. At the time an Applicant files an Application with the Authority, eligible development costs expended or incurred towards the Development and/or acquisition shall not exceed fifty percent (50%) of the total estimated eligible development costs, unless the Authority determines that:

- 1) Rental Housing Financing is necessary for the Development to be completed; and
- 2) The Development is located in either (a) a "qualified census tract" or (b) "difficult Development area", as designated by the U.S. Secretary of Housing and Urban Development ("HUD"). You may also view the information on HUD's website at: www.hud.gov; and
- 3) Less than sixty-five percent (65%) of the estimated qualified eligible costs have been expended or incurred; and
- 4) The Development will contribute to the accomplishment of the Authority's housing goals and priorities.

Required Documentation: Completed Application. See Form A. Place in Tab A.

- d. The Development applicant/owner, developer, management agent and other members of the Development team as provided in the Rental Housing Finance Application must demonstrate sufficient financial, development and managerial capabilities to complete the Development and maintain them for the Compliance Period and other applicable period.

Required Documentation: The Applicant must provide documentation to demonstrate sufficient financial, development and managerial capabilities. Documentation must include: 1) Up to date certified Financial statements from the Applicant, Owner (if formed) or its principals (must include all principals of the general partner interest) or from the individual(s)/entity providing guarantees for the Development , **AND** Developer (under the Applicant's, Owner's, and/or Developer's own affidavit respectively); **AND** 2) Resumes showing adequate experience of Developer and management company. This documentation must be placed in Tab D. The Authority, in its discretion, may require audited financials and/or copies of tax returns. If needed, the Authority will request this information from the Applicant.

- e. The Development team must show their readiness to proceed as demonstrated by:
 - 1) The Authority's receipt of a completed "Application" in the form required by the Authority and within the time period established and set forth in this Allocation Plan. Each Application must be type written and accompanied by the appropriate application fee and all exhibits. Additionally, the Applicant must provide a Narrative Summary of the Development. See Schedule G for Application Package Submission Guidelines.

Required Documentation: The most current Application (See Form A) completed, Narrative Summary of the Development, and a **check** made payable to IHCD for the appropriate Application Fee. The check should be attached to the application and placed in Tab A with the Narrative Summary. A fee of \$25 plus any applicable bank charges will be charged to the Applicant for any checks returned for insufficient funds or stopped payment, and will require subsequent payments made to IHCD by the entity to be in the form of a cashier's or certified check or money order. However, if an Application fee is returned for insufficient funds, the Application will not be eligible for funding or a Technical Correction period.

- 2) Submitting satisfactory evidence of site control.

Required Documentation: The Applicant must submit documentation evidencing site control including verification of current ownership, examples of which include: 1) Purchase Agreement or Option that does not expire until after the reservation date for RHTCs with title insurance documentation (or attorney's opinion); 2) Warranty deed; or 3) Long-term lease option (term of lease must be for a minimum term specified in the Declaration of Extended Rental Housing Commitment). When an Applicant intends to acquire a site and/or building through a government body, in the Authority's sole discretion exercised on a case-by-case basis, the

Authority may accept the following documentation as sufficient evidence of site control: (i) duly adopted resolutions of the applicable commission designating the subject area; (ii) duly adopted resolutions of the applicable commission authorizing the acquisition of the land to comprise the Development; and (iii) a letter from the applicable governmental agency or development commission setting forth the acquisition schedule for such land on a time table consistent with the Applicant's readiness to proceed without undue risk of Rental Housing Financing being returned to or rescinded by the Authority. This documentation must be placed in Tab E.

3) Development Site Information

Required Documentation: The Applicant must submit satisfactory: 1) schematics; 2) perimeter survey; 3) site plan (if flood plain and/or wetlands are located anywhere on the site, the site plan must show where the buildings, common areas, and any land improvements will be located in relation to the flood plain and/or wetlands – See Section F.2.f.4. of QAP); and 4) floor plans for units of the Development which, to the sole satisfaction of the Authority, show the Development is of quality design providing decent, safe and sanitary housing. The Authority reserves the right to perform (through its own representatives or its agents) site visits and evaluations of the Development to determine the satisfaction of these requirements. Place this documentation in Tab F.

4) The Applicant must demonstrate an ability to obtain financing (i.e. syndication proceeds, grants, other funds available for the Development).

Required Documentation: All sources of financing must be supported with appropriate documentation satisfactory to the Authority including the following documentation which must be submitted:

- 1) Lender letter of interest submitted to the Applicant in support of the Applicant's application must contain a representation and acknowledgment from the lender that: (i) such lender has reviewed the same application submitted or to be submitted by the Applicant to the Authority in support of the Rental Housing Financing for the Development to which such letter of interest relates; (ii) lender expressly acknowledges that the Development will be subject specifically to the “40-60” or “20-50” set-aside, and extended use restriction elections made by the Applicant; (iii) the lender has reviewed the Minimum Underwriting Criteria set forth in this Allocation Plan; (iv) any other special use restriction elections made by the Applicant, which give rise to additional points in this Allocation Plan; and (v) the anticipated terms of the loan including loan amount, interest rate, and term of the loan. Place in Tab G; **AND**
- 2) For financing not yet applied for (e.g. FHLB funds, etc.), the Applicant must submit evidence of their eligibility for the source of funding (e.g. a certification from the Applicant stating how the Development is eligible for the funding source). Place this documentation in Tab G; **AND**
- 3) Equity letter of interest submitted by an Applicant in support of the Applicant's application must contain a representation and acknowledgment from the equity investor that: (i) such investor has reviewed the same application **and market study** submitted or to be submitted by the Applicant to the Authority in support of the Rental Housing Financing for the Development to which such letter of interest relates; (ii) such investor expressly acknowledges that the Development will be subject specifically to the “40-60” or “20-50” set-aside, and extended use restriction elections made by the Applicant; (iii) the investor has reviewed the Minimum Underwriting Criteria set forth in this Allocation Plan; (iv) any other special use restriction elections made by the Applicant, which give rise to additional points in this Allocation Plan; and (v) the estimated dollar amount of equity to be provided to the Development. Place in Tab G.
- 4) If any additional funding/financing of any kind has already been awarded for the Development, a copy of the award letter that includes the expiration date for the award must be submitted and placed in Tab G.

f. The Development team must provide documentation to the sole satisfaction of the Authority that shows:



- 1) The real estate upon which the Development will be located is currently properly zoned to allow for the proposed Development.

Required Documentation: The Applicant must provide: 1) a letter from the appropriate authorized government official (e.g. zoning commission) that describes the Development location and certifies that the current zoning allows for construction and operation of the proposed Development without the need for additional variance; **AND** 2) a copy of all approved variances on the property, if any; **AND** 3) If a Planned Unit Development (PUD) a copy of the appropriate documentation (i.e. organization & requirements). This documentation must be placed in Tab H.

IHCDA in its sole discretion may accept an attorney's opinion with appropriate supporting documentation documenting the proposed site's current zoning allows for the construction and operation of the proposed Development without the need for additional variance. This will only be accepted with documented attempts to obtain the information from the appropriate authorized government official, and have failed.

- 2) At the time of application, there will be access to water, sewer, electric and/or gas to the site with sufficient capacity to satisfy the requirements of the Development.

Required Documentation: The Development shall have received a letter (acceptable to the Authority) from the appropriate entity and **signed by the appropriate authorized representative** (i.e. each utility company) or a letter from an Engineer (i.e. should address each utility that is not addressed by a letter from the utility company) stating that utility facilities and capacities will be available to satisfy the needs of the Development. However, if the Development consists of rehabilitation of existing occupied housing and is proposing the same number of units or less, a current utility bill is sufficient documentation for this category. Place in Tab I.

- 3) Compliance Monitoring and Evidence of Compliance with Other Program Requirements

Every Applicant, Principal, affiliates and/or Development Team member (collectively, "Development Team") with any ownership interest in a rental housing Development which has received an allocation of RHTCs by the Authority since the inception of the RHTC program (January 1, 1987), must cooperate and comply with the Authority's compliance monitoring procedures. The Authority's monitoring procedures and requirements are set forth in the RHTC Compliance Manual, a copy of which is attached as Schedule A to this Allocation Plan and made a part hereof. If, in the sole discretion of the Authority, any Development Team member has materially failed to comply with the procedures and requirements of the Authority or any of its programs, the Code or any other governmental program, including, but not limited to, HUD and/or HUD funded programs: (i) the Authority may withhold or reduce, in whole or in part, Rental Housing Financing for which application is made, irrespective of whether the withheld or reduced funding relates to the Development to which the noncompliance relates as determined by the Authority in its sole discretion; and (ii) if the Applicant's noncompliance is chronic and/or egregious in nature, the Authority may refuse to accept for filing and/or otherwise refuse to consider all or any part of the Applicant's pending or future applications for funding until such time as the Authority decides otherwise.

All Development team members with an ownership interest in any RHTC Development must satisfactorily demonstrate that all prior findings and assessments against all Applicants and its principals, participants and affiliates have been satisfied.

Any Development found to be in violation of this Allocation Plan will be subject to a reduction or rescission in Rental Housing Financing, and all Development Team members may be subject to debarment from participating in all Authority programs for up to five (5) years.

Required Documentation: The following documentation must be submitted and placed in Tab J:

1) All of the Development Team members with an ownership interest or material participation in any affordable housing Development must disclose any outstanding non-compliance issue(s) and/or loan defaults with any state or federal affordable housing program (including private activity tax-exempt bonds) in which it has participated in or received funds including those issues that have been corrected since RHTC program inception. Failure to disclose may result in the loss of funding;

2) All principals or material participants of the General Partner interest or managing member (if an LLC) and each member of the Development Team must submit a written affidavit accurately disclosing his/her complete interest in and affiliations with the proposed Development. Additionally, the Development Team must include in the affidavit all other RHTC funded Developments located in Indiana where they own(ed) an interest. A management company is required to be identified in the application and the management company named in the initial application must add language to its affidavit certifying that: a) they have reviewed the application for Rental Housing Financing; and b) they can effectively manage the property according to the requirements of Section 42, the Qualified Allocation Plan, and the elections made by the owner/applicant in the application for Rental Housing Financing. If at any time during the Compliance Period the management company changes, the new management company must also sign a similar certification.

4) The characteristics of the site (e.g. size, topography, terrain, soil and sub-soil conditions, environmental, vegetation and drainage conditions) must be suitable for the construction, rehabilitation and operation of the proposed Development. No Development will be considered if any of the buildings are or will be located in a 100-year flood plain at the placed in service date or on a site which has unresolvable wetlands problems, or contains hazardous substances or the like that cannot be mitigated.

100-year Flood Plains: A Development in a 100-year flood plain at initial Application may be permitted if sufficient documentation is included in the Application to clearly establish that there will be no part of a building located in the 100- year flood plain.

Required Documentation: 1) Environmental Phase I completed by an experienced and credible disinterested third party hired by the Applicant. The Environmental Phase I must address wetlands and flood plains. Wetland Delineation and USGS maps are required to document the existence of wetlands areas on the site, and must be included in the Environmental Phase I. If there are no wetlands areas on the site, a wetlands delineation is not required but in all cases USGS maps must be included in the Environmental Phase I **AND 2)** A FEMA flood plain map with the proposed Development site identified must be submitted and placed in Tab K. If a flood plain and/or wetlands are located anywhere on the site, the site plan must show where the buildings, commons areas, and any land improvements will be located in relation to the flood plain and/or wetlands.

100-year Flood Plains: Applications that propose the placement of buildings in the 100-year flood plain must submit the following documentation:

- All areas of the 100-year flood plain must be documented by the FEMA map for the areas in which the site is located. The proposed site for development must be located on that map.
- A qualified Civil Engineer must document mitigation for impacts to existing floodplains planned for the Development. A resume for the Civil Engineer must be submitted with this documentation.
- A FEMA Conditional Letter of reclassification must be obtained for the property that shows that the property is eligible for reclassification out of the flood plain area.
- A financing plan and costs for the site work involved in the reclassification.

For all properties that receive an award of RHTCs and are located in a 100-year flood plain at the time of initial application, a final letter of reclassification from FEMA along with an elevation certification must be provided to IHCD at the completion of the Development.

If wetlands or hazardous substances exist on the site, the Applicant must submit: 1) evidence that the wetlands or hazardous substances can be mitigated; and 2) a plan, that includes financing, of how the Applicant anticipates to mitigate the wetlands or hazardous substances. Place in Tab K.

- g. All applicable conditions and requirements of State and local laws, statutes, regulations, ordinances and other proper authorities in the State, including, without limitation, the requirements specified in the Application, the Indiana Handicapped Accessibility Code as amended, and such additional items which may be required by the Authority (collectively, "State Laws"), shall be satisfied.

Additionally, the Development has been designed to comply with the requirements of all applicable local, state and federal fair housing and disability-related laws. The Development design should consider at a minimum, the applicability of the local building codes, Federal Fair Housing Act, as amended the Americans with Disabilities Act, and the Rehabilitation Act of 1973, as amended. The Applicant and architect who has designed the Development will be required to submit an affidavit that certifies the Development complies with all applicable requirements.

Required Documentation: Completed Form A (Application) Section N.4

- h. Applicants who perform rehabilitation work on pre-1978 Developments (i.e. buildings) are required to comply with the Lead Based Paint Pre-Renovation Rule (Lead PRE) and the State of Indiana's Lead Based Paint Rules where applicable. (For more information visit www.epa.gov/lead or contact your local Environmental Protection Agency (EPA) Regional Office and www.ikecoalition.org for Indiana's rules.)

Required Documentation: The Applicant must certify that the Development will comply with these laws and rules. Completed Form A (Application) Section N.8

- i. Developments proposing commercial areas within the building or on the property utilizing Rental Housing Financing will be given consideration. Construction must be in compliance with plans and specifications that have been previously submitted and approved by the Authority. Finally, all commercial restrictions approved by the Authority must be included in the Declaration of Extended Rental Housing Commitment ("DERHC").

Required Documentation: The Application must include the following additional information and documentation: (i) a detailed, square footage layout of the building and/or property identifying all residential and commercial areas; and (ii) a time-line for complete construction showing that all commercial areas will be complete prior to the residential areas being occupied. Place this documentation in Tab F.

- j. If any portion of the RHTCs are being used to acquire the Development, RHTCs and/or acquisition eligible basis will be calculated based on the lesser of the actual amount paid for the building or the appraised fair market value.

Required Documentation: The Applicant must submit the Development's fair market appraisal (completed by a qualified appraiser), which must be completed no earlier than twelve (12) months from the Application deadline. The fair market appraisal must be at a minimum an "As Is" appraisal and must adhere to the Uniform Standards of Professional Appraisal Practice (USPAP). A statement to this effect must be included in the report. USPAP standards can be found at www.appraisalfoundation.org. Place in Tab L.

- k. For Developments proposing rehabilitation, the rehabilitation hard costs must be in excess of \$10,000 per unit. However, if the Development is competing in the Preservation set aside the rehabilitation hard costs must be in excess of \$15,000 per unit.

Required Documentation: All Applicants applying for rehabilitation Developments requesting Rental Housing Financing must submit with their Rental Housing Finance Application a capital needs assessment performed by a qualified professional (engineer/architect) in the format required by the Authority. **The complete Capital Needs Assessment Report must be submitted.** See Schedule F - Capital Needs Assessment. Place in Tab L.

- l. For Developments proposing the displacement or relocation of existing tenants, a displacement/relocation plan satisfactory to IHCDCA must be submitted.

Required Documentation: A detailed displacement/relocation plan must be submitted detailing 1) any potential permanent, temporary or economic displacement/relocation issues, 2) the number of current tenants to be relocated, 3) where the tenants will be relocated during the rehabilitation and for the length of time, 4) how displacement/relocation will be minimized and how you will pay for the relocation expenses if they are incurred and 5) Your displacement/relocation assistance plan (e.g. Who will get assistance? How much assistance will they receive? When and how will they receive their assistance? Who will provide advisory services to those displaced?) Place in Tab L.

- m. Upon request, the Applicant shall provide a completed IRS Form 8821, Tax Information Authorization, for each owner/general partner. The form must be signed by an individual authorized to sign on behalf of the Owner.

- n. Underwriting Guidelines

The following are underwriting guidelines for all Developments. However, all applicants should be aware that these are averages and the numbers submitted should reflect the nature and **true cost** of the Development proposed. **IHCDA will consider any underwriting outside of these guidelines if supporting documentation is provided.**

- 1) Total Operating Expenses - IHCDCA will consider the reasonableness of operating expenses for each Development based on information submitted by the Applicant. All Developments must be able to underwrite with a minimum operating expense of \$2500 per unit per year (net of taxes and reserves)
- 2) Management Fee— 5-7% of “effective gross income”
(gross income for all units less Vacancy Rate).
1-50 units 7%,
51-100 units 6%
100+ units 5%
- 3) Vacancy Rate – 6% - 8%
- 4) Rental Income Growth – 1-3%/year
- 5) Operating Reserves – four (4) – six (6) months (Operating Expenses plus debt service)
- 6) Replacement Reserves per unit New Construction: \$250 - \$300 Rehabilitation: \$300 - \$350
- 7) Operating Expense Growth – 2-4%/year

- 8) Stabilized debt coverage ratio (stabilization usually occurs in year 2) – 1.15 - 1.40 (Although stabilization occurs usually in year two, the debt coverage ratio projection for a Development should not go below 1.1 during the complete 15 year Compliance Period to be considered financially feasible.)

NOTE: Tax abatement may cause the debt coverage ratio to be higher than these guidelines.

- 9) Developments structured with no hard debt - minimum cash flow before deferred developer fee must be at least \$225 per unit annually

NOTE: IHCD A will require operating expense growth to be at least 1% higher than rental income growth.

Required Documentation: 1) Documentation of estimated property taxes and insurance for the proposed Development (i.e. a statement of how the Applicant determined the estimated taxes and insurance for the Development); **AND 2) If the underwriting is outside these guidelines the Applicant must provide a written detailed explanation with third party documentation supporting the explanation (approval of underwriting from other financing institutions/funding sources will not constitute acceptable supporting documentation).** This documentation must be placed in Tab M.

o. Grants/Federal Subsidies

Those RHTC Developments that include “soft” loans (i.e. HOME or HOPE VI loaned to the Development with payments through available cash flow) must demonstrate a reasonable expectation (as determined by the Authority in its sole and absolute discretion) that the loan will be repaid at a date certain (usually eight (8) to fifteen (15) years). If the loan and any outstanding interest is not expected to be paid until the end of the Initial Compliance Period, there must be reasonable expectation that the fair market value of the Development will be sufficient at that time to pay the accrued interest and debt and that the net income of the Development will be sufficient to sustain debt service.

Required Documentation: Completed Form A (Application) Section W. Place additional information /documentation in Tab G.

p. Credit per Unit

IHCDA has established the following RHTCs per unit maximums:

| <u>Number of Units</u> | <u>Max. Annual RHTCs per Unit</u> | Developments located in QCTs and Areas of Chronic Economic Distress* (Appendix F) only |
|------------------------|-----------------------------------|---|
| | | <u>Max. Annual RHTCs per Unit</u> |
| 1-35 units = | \$9,015 | \$11,719 |
| 36 – 60 units = | \$8,453 | \$10,988 |
| 61 – 80 units = | \$7,891 | \$10,258 |
| Over 80 units | \$7,323 | \$9,520 |

*Properties located in an Area of Chronic Economic Distress will be eligible to receive the higher Maximum Annual RHTCs per unit but will not be eligible for the 30% boost in eligible basis. Only developments located in a QCT or DDA are eligible to receive the 30% boost in eligible basis.

NOTE: Maximum Annual RHTCs per Unit will increase 3% for 2008.

IHCDA, in its sole discretion, will only consider RHTCs per unit in excess of these amounts if: 1) the Applicant has provided clear and convincing evidence for why the Development needs the additional RHTCs; 2) the Applicant has

exhausted all other sources of financing; **and** 3) the Applicant provides third-party documentation of all efforts taken to obtain other financing (e.g. letters from lenders/funding sources stating funding is not available for the Development). This documentation, if provided, must be placed in Tab M.

NOTE: If an Application will be requesting RHTCs per unit in excess of these amounts, the Applicant/Developer is strongly encouraged to meet with IHCD Tax Credit Allocation staff before making the request.

3. User Eligibility and Limitations

a. Applicant and Development Limitations

During any calendar year, the amount of RHTCs, which may be reserved for allocation (including any transfers of RHTCs during the applicable calendar year) to any person (including principals in organizations), entity, Owner, Developer or Applicant, may not exceed \$1,600,000, provided, however no Development shall receive more than \$800,000 of RHTCs in any calendar year. Such limitation shall be subject to review and modification by the Authority. [Excluding Developments financed with Bonds and 4% RHTCs.]

If the Authority determines that in its sole and absolute discretion it is in the interest of the State to allocate additional RHTCs to such person, entity or Development, then the Authority may waive such limitation.

b. Developer Fee Limitations

| No of units in Development | New Construction 9% RHTCs | Rehabilitation* 9% RHTCs | New Construction 4% RHTCs** | Rehabilitation* 4% RHTCs** |
|----------------------------|--|--|--|--|
| 35 Units or less | 20% of Total Development Costs (excluding the developer fee, developer overhead, consultant fees, & the cost of the land), but not to exceed \$1,100,000 | 20% of Total Development Costs (excluding the developer fee, developer overhead, consultant fees, & the cost of the land), but not to exceed \$1,320,000 | 20% of Total Development Costs (excluding the developer fee, developer overhead, consultant fees, & the cost of the land), but not to exceed \$2,475,000 | 20% of Total Development Costs (excluding the developer fee, developer overhead, consultant fees, & the cost of the land), but not to exceed \$2,750,000 |
| Over 35 Units | 15% of Total Development Costs (excluding the developer fee, developer overhead, consultant fees, & the cost of the land) but not to exceed \$1,320,000 | 15% of Total Development Costs (excluding the developer fee, developer overhead, consultant fees, & the cost of the land) but not to exceed \$1,650,000 | 15% of Total Development Costs (excluding the developer fee, developer overhead, consultant fees, & the cost of the land) but not to exceed \$2,475,000 | 15% of Total Development Costs (excluding the developer fee, developer overhead, consultant fees, & the cost of the land) but not to exceed \$2,750,000 |

*At least 50% of the Development's units must be rehabilitation of an existing building

**4% RHTCs associated with Developments financed with multi-family bond volume

The Authority will monitor both hard and soft costs of the Development compared to Developments of similar size and location and in its sole discretion reduce the total Developer Fee, which may reduce the amount of any RHTC allocation.

NOTE: Consultant Fees will be considered part of the Developer Fee.

When determining the amount of Credit necessary to make a Development financially feasible, the Authority will include the deferred Developer Fee as a source of funding.

To be included in RHTC basis, deferred Developer Fee must be due and payable at a date certain. Fees may be paid as a cash flow loan if it can be demonstrated that the fee can and will be paid in a reasonable amount of time (generally considered to be eight (8) to fifteen (15) years). If fees are permanently contributed to the

Development, they must be paid to the developer and then contributed to the Development if the fees are to be included in RHTC basis.

Additionally, at the time of initial Application, no more than 60% of the developer fee may be deferred for 9% RHTC Developments and no more than 80% of the developer fee may be deferred for bond volume 4% RHTC Developments. However, the Authority may, on a case by case basis with convincing documentation acceptable to the Authority and for the financial feasibility of the Development allow a larger percentage of the developer fee to be deferred.

Required Documentation: Applicant must include a statement 1) disclosing each entity/individual receiving a portion of the Development Fee along with the percentage of the fee the entity/individual will receive and 2) describing the terms of the deferred repayment obligation to the Development including any interest rate charged and the source of repayment with the application. Nonprofit organizations shall include a resolution from the Board of Directors allowing such a deferred payment and interest obligation to the Development. The Authority will require a Deferred Development Fee Agreement, satisfactory to the Authority in its sole discretion evidencing the principal amount and terms of interest and repayment of any deferred repayment obligation be submitted at the time of final cost certification. Place this documentation in Tab M.

c. Contractor Fee Limitations

Contractor fees ("Contractor Fees") shall also be limited, for purposes of determining the RHTC amount to be allocated, based on the amount of total costs incurred toward the construction or rehabilitation of the Development, excluding Developer and Contractor Fees. The Contractor Fee limitations are as follows:

| Contractor Fees | Contractor Fee % Limitation |
|----------------------|--|
| General Requirements | 6% of Total Construction/Rehabilitation Costs |
| General Overhead | 2% of Total Construction/Rehabilitation Costs |
| Builder's Profit | 6% of Total Construction/Rehabilitation Costs |
| Total | 14 % of Total Construction/Rehabilitation Costs |

The Authority will permit savings in a particular Contractor Fee line item to offset overruns in other Contractor Fee line items; provided, however, that in any event the total Contractor Fees shall not exceed 14%.

No increase will be permitted higher than the above stated limitations.

4. Minimum Development Standards

- a. In addition to meeting all new construction and rehabilitation standards required by IRC Section 42 and local and State building codes, each unit must provide in good working order:
 - Refrigerator
 - Stove
- b. Minimum design requirements for all new construction and rehabilitation (where the following items are proposed as part of the rehabilitation):
 - The use of low maintenance exterior building finishes including brick, stone, hardy board, fiber cement siding or vinyl siding. If vinyl siding is used, it must be at least .040 inches in thickness and carry a lifetime warranty.
 - Minimum HVAC standards: gas heating system with a minimum 90% AFUE rating; air conditioning system with a minimum 13 SEER rating; or a minimum 8.2 HSPF electric heat pump system that is properly sized for the unit.
 - Thermal insulated windows and entry doors with a minimum U value of 0.35 or below.

- Roofing product with a minimum 25-year warranty.
 - All buildings to have attic insulation of R-38 or better – New Constructions and Rehabilitation.
- c. Minimum amenities for Elderly developments:
- Elevators or lifts must be installed for access to all units above the ground floor
 - 100% of the units must be accessible or adaptable (as defined by the HUD Fair Housing Act, Americans with Disabilities Act and Section 504).

Required Documentation: The Applicant must certify that the Development will comply with these requirements. Completed Form A (Application) Section N.3.

5. Affordable Housing Database

Applicants that are proposing to develop transitional, permanent supportive, or rental housing must participate in the Affordable Housing Database as it becomes available in the State of Indiana. www.indianahousingnow.org

6. Rental Housing Financing Returned by Applicant

If Authority funding (i.e. RHTC, HOME, Low-Income Housing Trust Fund, Multifamily private activity tax-exempt bonds) previously reserved and/or allocated to a Development is returned to or rescinded by the Authority, ten (10) points will be deducted by the Authority from the total points otherwise scored on the next application submitted by the Applicant (or its principals) that meets Threshold Requirements. However, if the funding is returned within 90 days of the approval date, no points will be deducted from the Applicant's next application.

The Authority, in its sole and absolute discretion, shall have the right to grant a waiver from the foregoing points deduction for factors determined by the Authority to be outside of the developer's control. No such waiver will be granted unless on or before October 1 the Applicant furnishes the Authority with a written request for such waiver at the time the RHTCs are returned and/or rescinded specifying therein with specificity satisfactory to the Authority the reasons thereof. All requests for return of fees paid to the Authority for said Development will be denied.

7. Receipt of Rental Housing Financing

Applicant(s) receiving Rental Housing Financing must satisfy at time of Final Application all scoring criteria they received points for unless otherwise approved by the Authority in writing.

F. Evaluation Factors

The Authority has developed six (6) categories of criteria, based on the needs assessment conducted and the housing goals established by the Authority. If an Application satisfies all applicable requirements, then it will be evaluated and scored based on: (1) Rents Charged by the Development being 25 possible points; (2) the Constituency Served by the Development (i.e. special needs population) being 10 possible points; (3) Development Characteristics being 33 possible points; (4) Financing being 6 possible points; (5) Market being 12 possible points; and (6) Other being 14 possible points. Consequently, there are 100 possible points. Applicants seeking an RHTC allocation under Indiana's RHTC cap must score a total of forty (40) or more points under this Allocation Plan. Additionally, Applicants seeking Private Activity Tax Exempt Bonds, either in conjunction with 4% RHTCs or alone, must score a total of thirty (30) points or more. The Authority reserves the right not to allocate funding to a Development that scores ten (10) or more points less than the nearest Development receiving Rental Housing Financing. A written explanation will be made available to the general public for any funding of a housing credit dollar amount, which is not made in accordance with established priorities and selection criteria in this Allocation Plan.

1. Rents Charged

All Developments must meet the minimum set-aside requirement for Section 42 with election of the "40-60" or the "20-50" set-aside. In addition, the Authority will award points to those Developments that will target lower rents as follows:

a. Lower Rents Charged

If the Development intends to charge rents lower than the maximum allowable for the area median income (AMI) required by Section 42 of the Code and maintain rents for units at a level not to exceed the maximums as published in Appendix B and C, points will be awarded as follows:

| <u>Percent of total units where rent is charged at or below the 30% AMI rent</u> | <u>Points</u> |
|--|---------------|
| 5-9% | 2 |
| 10%-+ | 5 |

| | |
|---------------------------------|----------|
| Maximum Number of Points | 5 |
|---------------------------------|----------|

| <u>Percent of total units where rent is charged at or below the 40% AMI rent</u> | <u>Points</u> |
|--|---------------|
| 15-19% | 2 |
| 20%+ | 5 |

| | |
|---------------------------------|----------|
| Maximum Number of Points | 5 |
|---------------------------------|----------|

| <u>Percent of total units where rent is charged at or below the 50% AMI rent</u> | <u>Points</u> |
|--|---------------|
| 25%-49% | 5 |
| 50% or more | 10 |

| | |
|---------------------------------|-----------|
| Maximum Number of Points | 10 |
|---------------------------------|-----------|

Applicants will not be permitted to utilize the unit's set-aside at one AMI rent to also be awarded points for another AMI rent category unless all units are designated at one set-aside or additional units are set aside that exceed the maximum scoring requirement. i.e. If all units are designated at 30% AMI rent, maximum points in the 30%, 40%, and 50% AMI categories will be awarded. If all units are designated at 40% AMI rent, maximum points in the 40% and

50% AMI rent categories will be awarded. For example, if a 100 unit project sets aside 32 units (32%) at 30% AMI and 68 units (68%) at 50% AMI rent. The Development would score all points for 30% AMI rent, 40% AMI rent and 50% AMI rent since 10% of its units are 30% AMI rent and an additional 20% of its units were below the 40% AMI rent and over 50% of its units (68%) are at the 50% rent.

b. Market Rate Units

If the Development provides for a mixture of market-rate units (market rate units are those units that will not be reserved for Qualified Low Income Tenants) then points will be awarded in accordance as follows:

| <u>Percent of Market-Rate Units</u> | <u>Points</u> |
|-------------------------------------|---------------|
| 5-14% | 2 |
| 15%+ | 5 |

Per Section 42(g)(7), scattered site Developments will not qualify to receive these points.

| | |
|---------------------------------|----------|
| Maximum Number of Points | 5 |
|---------------------------------|----------|

2. Constituency Served

a. Homeless Population

For purposes of this category “Homeless” is defined as an individual or family that, but for this housing, lacks a fixed, regular, and adequate nighttime residence; or an individual or family that has a primary nighttime residence that is: 1) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill; 2) an institution that provides a temporary residence for individuals intended to be institutionalized; or 3) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. This term does not include any individual imprisoned or otherwise detained by an appropriate governmental authority.

Applicant has committed in writing to “Set Aside” a percentage of total units in the Development as permanent supportive housing for the homeless.¹ In some cases, supportive services may be needed to sustain permanence.

AND/OR

Applicant has committed in writing to “set aside” a percentage of total units in the Development as transitional housing for the homeless. Transitional housing is defined as housing which has the purpose of facilitating the movement of homeless individuals or families to independent living within a reasonable amount of time (usually 24 months).

Points will be awarded based on one (1) point for each percentage set aside up to a maximum of 5 points.

NOTE: Section 42 requires that a building not used primarily for the homeless must have a minimum six (6) month lease term.

¹ The term “set aside” shall mean and require that units designated as “set aside” for a specific population may be used only for the identified population and for no other. If qualified tenants in the designated population are not available, the unit(s) must remain vacant. The Authority will not consider waiving or modifying any set-aside request until units have been placed in service and have been vacant even though reasonable marketing efforts have been made for a minimum of eighteen months.

Required Documentation: 1) the resume of the organization providing the supportive services (resume must demonstrate ability to provide services to the homeless population); **AND** 2) The Applicant and a qualified organization that provides and has the capacity to carry out services for the homeless must enter into an agreement (**signed by all parties**) acceptable to the Authority in its sole discretion whereby the Applicant agrees to: a) set aside a number of units for permanent supportive housing or transitional housing for the homeless; and b) notify the qualified organization when vacancies of the set aside units occur at the Development. The qualified organization must agree to: a) refer qualified households to the Development; and b) notify households of the vacancies of the set aside units at the Development.

Place this documentation in Tab O

| | |
|---------------------------------|----------|
| Maximum Number of Points | 5 |
|---------------------------------|----------|

b. Persons with Disabilities

Applicant has committed in writing to “set aside” a percentage of the total units in the Development to qualified tenants who meet the State definition of disabled as provided in IC 5-20-1-4.5 and must equip each unit to meet a particular person’s disability need at no cost to the tenant. Points will be awarded based on 1 point for every two (2) percentage points set-aside up to a maximum of 5 points. Therefore, points will be awarded as follows:

| | |
|--------------------|----------|
| 2%-3.99% of units | 1 Point |
| 4%- 5.99% of units | 2 Points |
| 6%- 7.99% of units | 3 Points |
| 8%-9.99% of units | 4 Points |
| 10%+ of units | 5 Points |

Required Documentation: 1) the resume of the organization providing the services for persons with disabilities (resume must demonstrate ability to provide appropriate services to persons with disabilities); **AND** 2) The Applicant and a qualified organization that provides and has the capacity to carry out services for persons with disabilities must enter into an agreement (**signed by all parties**) acceptable to the Authority in its sole discretion whereby the owner agrees to: a) set aside a number of units for persons with disabilities; and b) notify the qualified organization when vacancies of the set aside units occur at the Development. The qualified organization must agree to: a) refer qualified households to the Development; and b) notify households of the vacancies of the set aside units at the Development.

Place this documentation in Tab O

| | |
|---------------------------------|----------|
| Maximum Number of Points | 5 |
|---------------------------------|----------|

The Authority encourages owners to disperse all low-income units evenly among buildings and units in a mixed income, multi-building Development.

3. Development Characteristics

a. Unit Types

1) **2 Bedrooms – Elderly Developments Only**

A Development that has 35% or more of the RHTC units with two (2) bedrooms will receive 3points.

| | |
|---------------------------------|----------|
| Maximum Number of Points | 3 |
|---------------------------------|----------|

2) **3 Bedrooms – Family Developments Only**

A Development that has 20% or more of the RHTC units with three (3) bedrooms will receive 3 points.

| | |
|---------------------------------|----------|
| Maximum Number of Points | 3 |
|---------------------------------|----------|

3) **4 Bedrooms – Family Developments Only**

A Development that has 10% or more of the RHTC units with four (4) bedrooms will receive 3 points.

| | |
|---------------------------------|----------|
| Maximum Number of Points | 3 |
|---------------------------------|----------|

4) A Development consisting entirely of Single-Family homes and/or duplexes will receive 1 point.

| | |
|---------------------------------|----------|
| Maximum Number of Points | 1 |
|---------------------------------|----------|

b. Development Design

Based on the Development schematics, as set forth in the site plan, the Authority will award one (1) point for every ten (10) amenities in the first column, one (1) point for every five (5) amenities in the second column, and one (1) point for every three (3) amenities in the third column up to a total of three (3) points. All amenities chosen by the Applicant should conform to the needs of the Development and its residents. Design Amenities will be viewed as interchangeable within a column, but the total number of design amenities selected in each column must remain the same.

The Applicant may score more than one (1) point in a column, but no partial points will be awarded.

1 point for every 10 amenities

| |
|---|
| Wall to wall carpeting in each unit (living area) |
| Playground (family only and must be of reasonable size for the Development) |
| Window Blinds or Curtains in each unit |
| One parking spot per unit |
| Bike racks (1 per building) |
| Community Room (open to all residents) |
| Garbage Disposal in each unit |
| Door Bell for each unit |
| Peep hole on exterior door for each unit |
| 10 units or less per acre |
| Cable hook-up in each unit |
| Designated garden area for all residents to use |
| Multiple building designs |
| Shuffle Board Court open to all residents |
| Multiple floor plans per unit size |
| Motion detector lights for each unit (single-family/duplexes only) |
| Manager on-site |
| Community Television with cable |
| Designated Walking/Jogging Path |
| Basketball Court open to all residents |
| Microwave in each unit |
| Carbon Monoxide detector in each unit |
| Enclosed Bus Stop Shelter |
| Hardwood Floors in each unit (living area) |
| Access to high speed internet in each unit (i.e. cable, DSL, or network) |
| Gazebo |
| Picnic Area with grill |
| Sand Volleyball Court |

1 point for every 5 amenities

[illegible]

1 point for every 3 amenities

[illegible]

Required Documentation: Completed Form A (Application) Section N.7

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|---------------------------------|----------|
| Maximum Number of Points | 3 |
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c. Universal Design Features

Based on the Development schematics, as set forth in the site plan and a certification from the Architect certifying the existence of such amenities, the Authority will award one (1) point for ten (10) universal design features at a Development. All universal design features chosen by the Applicant should conform to the needs of the Development and its residents. Universal Design Features will be viewed as interchangeable within this list, but the total number of universal design features selected must remain the same

| | | |
|--|--|--|
| All hallways 42' or wider in each unit | All wall reinforcements for handrails in each unit | A front control operated range in 5% of units |
| All doorways 32" or wider in each unit | All wall reinforcements for grab bars In bath for each unit | Audio and visual smoke detectors in each unit |
| All Electrical outlets raised 15" to 18" above the finished floor in each unit | All light switches located 48" above the finished floor in each unit | Toggle, rocker, or touch sensitive control panels instead of switches in each unit |
| Levers instead of door or faucet knobs on every door in each unit | 30"x40" clear bathroom floor space with a door that swings out in 5% of the units | Adjustable height or hand-held showerhead with a flexible hose in all units |
| A fold down seat in the shower of 5% of the units | Roll-in shower with no curb in 5% Of the units | Slide or bi-folding closet doors in all units |
| The bathtub controls located off center toward the outside of the tub in each unit | A removable base cabinet for required knee space in kitchens and baths in all bottom level units | Built in accessible height microwave in 5% of units |
| All closet rods adjustable in every unit | 30"x40" clear kitchen floor space in 5% of the units | Will have an accessible route to each bottom level unit that includes no steps or abrupt level of change |
| Front loading washer and dryer with front controls, raised on platforms to reduce need to bend, stoop, or lean over in each unit or all laundry facilities | All counter tops in bathrooms kitchens adjustable in every unit | |

Required Documentation: Completed Form A (Application) Section N.9

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|---------------------------------|----------|
| Maximum Number of Points | 1 |
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d. Unit Size

As provided in the Rental Housing Finance Application the net square footage is defined for the purpose of this scoring criteria to be the total livable space within the interior walls of the unit (this excludes garages, balconies, exterior storage and Development common areas). Points will be awarded based on ALL of the proposed units that meet or exceed the minimum net square footage within a specific unit type.

| Development Type | Eff./0 BR units minimum net sq. ft. | One BR units minimum net sq. ft. (minimum 1 bath required) | Two BR units minimum net sq. ft. (minimum 1 bath required) | Three BR units minimum net sq. ft. (minimum 1 ½ baths required for all new construction) | Four + BR units minimum net sq. ft. (minimum 2 baths required for all new construction) |
|------------------------|-------------------------------------|--|--|--|---|
| New Const. | 375 sq. ft. | 675 sq. ft. | 875 sq. ft. | 1075 sq. ft. | 1275 sq. ft. |
| *Adaptive Reuse | 375 sq. ft. | 675 sq. ft. | 875 sq. ft. | 1075 sq. ft. | 1275 sq. ft. |
| Rehab/existing housing | 350 sq. ft. | 550 sq. ft. | 680 sq. ft. | 900 sq. ft. | 1075 sq. ft. |
| | 1 point | 1 point | 1 point | 1 point | 1 point |

*Adaptive Reuse is defined as a Development with building(s) that previously served a purpose other than housing.

NOTE: If all units meet or exceed the unit square footage minimums listed above, all 5 points in this category will be awarded.

Required Documentation: Complete Form A (Application) Section N.1. Floor plans with exact total net square footages printed clearly are required to receive these points. Place in Tab F.

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| Maximum Number of Points | 5 |
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e. Existing Structure

Development converts a percentage of total square footage in a 100% vacant structure (s) into rental housing. Points will be awarded based on the percentage of the Development that is converted to affordable housing and a percentage of its common area as follows:

| | |
|-------------------------------|---|
| 50% of the total Development | 1 |
| 75% of the total Development | 2 |
| 100% of the total Development | 3 |

If any space in the existing structure will be used for a purpose other than housing, the applicant must state what the intended use of the remainder of the vacant structure will be.

Required Documentation: Completed Form A (Application) Section N.6

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| Maximum Number of Points | 3 |
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f. Development is Historic in Nature

At least 50% of the total units must be located in eligible historic buildings in order for a Development to receive points in this category.

1) Developments that are listed on the National Register of Historic Places, the Indiana Register of Historic Sites and Structures, or have received local landmark designation through a local historic preservation commission through an ordinance will receive one (1) point (must provide evidence building is individually listed on the National Register of Historic Places, Indiana Register of Historic Sites and Structures, or has received local landmark designation through a local historic preservation commission through an ordinance).

Required Documentation: 1) A letter from the National Park Service verifying the building(s) are listed on the Register or verification of the listing through the National Park Service website at www.cr.nps.gov/nr/; or 2) A letter from the Indiana Division of Historic Preservation and Archaeology or verification of the listing through the Indiana Department of Natural Resources website at www.in.gov/dnr/historic; or 3) A copy of the ordinance passed by a local historic preservation commission with a listing of commission members; or 4) a copy of the Indiana Historic Register or Historic Sites and Structures Place in Tab P.

2) Developments that will utilize Historic Tax Credits (Federal or State) on the residential portion of the building(s) will receive two (2) points. Must have submitted a Part 1 application and received a recommendation for approval by the Indiana Department of Natural Resources Division of Historic Preservation and Archaeology.

Required Documentation: Must include a copy of the historic application and “approved” Part I. Place in Tab P.

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| Maximum Number of Points | 2 |
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g. Preservation of Existing Affordable Housing

Points will be awarded for up to the maximum of four points in this category as follows:

- 1) Four (4) points will be awarded for an Application that proposes the preservation of an affordable housing project with Rental Housing Tax Credits that will/have expire(d) in the current year or earlier. IHCD will review the owner’s past noncompliance, if any.

Required Documentation: A statement from the Applicant that provides the following information:

- a) All current Building Identification Numbers (BIN) for the Development; b) The name of the Development during the time it was a RHTC Development; and c) The address of all buildings in the Development. Place in Tab P.

OR

- 2) Up to Four (4) points will be awarded for an Application that proposes the preservation of a previously HUD funded or USDA funded affordable non-public housing Development (such as project based Section 8 or other forms of HUD funding or RD 515 properties). Developments receiving a preservation priority designation from HUD or USDA will be awarded points as follows:

- Developments receiving a designation of high priority 4 points
- Developments receiving a designation of medium priority 2.5 points
- Developments receiving a designation of low priority 1 point

Required Documentation: A letter from HUD or USDA that states the priority designations (high, medium, or low priority) for projects that are the subject of an Application pursuant to this Plan. Documentation from HUD or USDA of the Developments’ preservation priority designation must be placed in Tab P.

OR

- 3) Two (2) points will be awarded for an Application that proposes the preservation of any other affordable housing Development.

Required Documentation: Third party documentation from the entity enforcing affordable housing requirements evidencing the rent and income restrictions applicable to such property including the term of such restrictions must be submitted and placed in Tab P.

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| Maximum Number of Points | 4 |
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h. Energy Efficiency Requirements

A total of four (4) points will be awarded for Applications certifying the use of Energy Star rated and other energy efficient materials and appliances as follows:

All HVAC equipment and all windows and sliding glass doors for every unit must include the following: 2 Points

- Energy Star rated windows and sliding glass doors
- Energy Star rated furnace or heat pump
- Energy Star rated air conditioner

1 point will be awarded for every 4 items selected for a maximum of 2 points: 2 Points

- Energy Star labeled refrigerators
- Energy Star labeled dishwashers
- Energy Star qualified roof products (for all buildings)
- Energy Star labeled ceiling fans
- Installation of Energy Star labeled lighting fixtures or the Energy Star Advanced Lighting Package in all interior units and use of Energy Star or high-efficiency commercial grade fixtures in all common areas and outdoors.
- Energy Star rated clothes washer (must be in every unit)
- Energy Star labeled programmable thermostat
- Use of insulation blankets for all hot water heaters – rehabilitation only when replacement of water heaters is not being proposed.
- Energy Star labeled bathroom fans that exhaust to the outdoors
- Tankless water heaters in each unit
- Installation of Water conservation fixtures - Toilets – 1.3 GPF (gallons per flush) or better
- Installation of Water conservation fixtures - Showerheads – 2.0 GPM (gallons per minute) or better
- Installation of Water conservation fixtures - Kitchen faucets – 1.5 GPM or better
- Installation of Water conservation fixtures - Bathroom faucets – 2.0 GPM or better

Required Documentation: Completed Form A (Application) Section N.5. Failure to meet the commitments promised in this section may result in a loss of credits. Information regarding Energy Star rated items can be found at www.energystar.gov

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|---------------------------------|----------|
| Maximum Number of Points | 4 |
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i. Desirable Sites

A total of one (1) point will be awarded for applications that propose Developments that are or will be accessible to at least 3 public and/or private facilities or activities. Desirable facilities/activities include: retail

and service establishments, school(s), transportation, parks, recreational facilities, medical facilities, libraries, major public/private employers.

For non-Rural County sites, only facilities or activities that are located within a one (1) mile walking/driving distance from the proposed site will be considered. The walking route to desirable facilities/activities must be along paved sidewalks, established pedestrian walkways or bike trails.

For Rural County sites, only facilities or activities that are located within a one and a half (1½) miles walking/driving distance from the proposed site will be considered.

Required Documentation: 1) A site map indicating the specific locations of each desirable facility/activity, as well as, all undesirable facilities/activities (i.e. junkyards, hazardous, chemical or heavy manufactures, unoccupied/unsecured buildings with evidence of loitering, trespassing or other criminal activity, ect.). The map must contain a key stating the type of facility/activity identified, and must include the following:

- location of site including an indication of major access roads;
- indication of distances with a 1 mile or 1½ mile (rural) radius indicated on the map ;
- areas of residential development adjacent to or near the site;
- indication of any significant industrial or commercial development; and
- all desirable facilities or activities.

and 2) Photographs of the site and the surrounding neighborhood. All photographs are to be either color originals or color copies. Place in Tab Q.

NOTE: If map, key and photos containing the above requirements are located within the market study, no additional map is required. Please indicate the page number(s) the information can be found within the market study on the Application's self-score sheet Notes section (Form A – Application).

NOTE: At IHCD's sole discretion, undesirable facilities and/or activities located within a mile distance of the proposed site may disqualify a Development from receiving this point.

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| Maximum Number of Points |
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| 1 |
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4. Financing

- a. The Development has received written approval for monetary **local** government (town, city, or county) funding that specifically enhances and/or creates **significant** cost savings for the Development. Including but not limited to tax abatement, infrastructure, grants, land, building(s), permit fee or other fee waivers, etc. Must disclose amount of monetary funding to receive points. Points will be awarded based on amount of funding/cost savings as follows:

- | | |
|---|----------|
| 1. Up to 1% of Total Development Costs | 1 point |
| 2. Over 1%-3% of Total Development Costs | 2 points |
| 3. greater than 3% of Total Development Costs | 3 points |

NOTE: For purposes of this category, local government funding (i.e. HOME, etc.) that is **loaned** to a Development at the applicable federal interest rate will **NOT** be considered as enhancing or creating a significant cost savings for a Development and will not be considered when determining the amount of local government funding to receive points.

Required Documentation: A letter from the appropriate authorized official at the local government approving the monetary contribution. The letter must include: 1) the local unit of government has approved funding specifically for the proposed Development; and 2) the amount of monetary funding the local unit of government has approved (if tax abatement, the local unit of government must estimate the monetary amount). NOTE: An inducement resolution for bond volume will NOT be sufficient documentation to receive points. Place in Tab B.

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| Maximum Number of Point s | 3 |
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- b. The Applicant will utilize sources other than RHTCs as part of the overall financing structure. Points will be awarded based on the ratio of the 10-year amount of RHTCs requested as follows:

- | | |
|--|----------|
| 1) 10 year amount of requested Credit is 70% - 80% of Total Development Costs | 1 point |
| 2) 10 year amount of requested Credit is 60% - 69.99% of Total Development Costs | 2 points |
| 3) 10 year amount of requested Credit is less than or equal to 59.99% of Total Development Costs | 3 points |

NOTE: If at final application, the Development does not qualify for these points, IHCD A will reduce the RHTCs associated with the Development until the Development qualifies for these points once more.

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| Maximum Number of Points | 3 |
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5. Market

- a. “Difficult to Develop Area”

A “Difficult to Develop Area” means that the Development is located in a "qualified census tract" of a metropolitan statistical area or a “difficult development area” as designated by the Secretary of HUD for the RHTC program, or an Area of Chronic Economic Distress as designated by the State and approved by the Secretary of the Treasury and the Secretary of HUD. (See Appendix F).

Required Documentation: To receive points for being located in a qualified census tract, the Applicant must provide a census tract map with the proposed Development site indicated. Place in Tab Q.

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| Maximum Number of Points | 3 |
|---------------------------------|----------|

- b. Local Housing Needs

The total number of RHTC and/or Bond units (including those that have received funding, are under construction, and are placed in service) is between a half percent (1/2 %) and one and a half percent (1½ %) of the Town/City population (2000 Census Data) and does not exceed 1350 units will receive 1.5 points.

OR

The total number of RHTC and/or Bond units (including those that have received funding, are under construction, and are placed in service) is less than a half percent (1/2 %) of the Town/City population (2000 Census Data) and does not exceed 800 units will receive 3 points.

If the Development is located in an unincorporated area, the Applicant should utilize the population figures for the township in which the Development is located.

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| Maximum Number of Points |
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c. Previous funding within a Local Government

A Development will receive one (1) point if the proposed site is within the boundaries of a Local Government in which there has not been an RHTC (9% Credit and/or 4% Credit) and/or Tax Exempt Bond allocation within the last three (3) years.

For Scattered Site Projects, each parcel must meet the requirement above to qualify for the points. No partial points will be awarded in this category.

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| Maximum Number of Points |
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| 1 |
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d. Subsidized Housing Waiting List

Applicant executes and provides to the Authority a written agreement **signed by all parties** (the Applicant and the appropriate official for the local or regional public housing representative) with the local or regional public housing representative agreeing to give priority to households on waiting lists for subsidized or public housing.

Required Documentation: The Applicant and local or regional public housing representative must enter into an agreement whereby the owner agrees to: 1) give priority to households on waiting lists for subsidized or public housing; and 2) notify the local or regional public housing representative when vacancies occur at the Development.

The local or regional public housing representative must agree to: 1) refer qualified households to the Development; and 2) notify households on the waiting list of vacancies and the priority given to such households at the Development.

Place in Tab O.

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| Maximum Number of Points |
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| 1 |
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e. Community Revitalization Preservation

The Development's rehabilitation will support community preservation. The Development must be at least 75% rehabilitation, part of a City's Revitalization Plan, or an **Infill** housing Development that conforms to the existing neighborhood.

Required Documentation: 1) A letter from the highest local elected official which specifically: a) describes the Development and the plans for its preservation; b) defines the neighborhood or area; c) describes intended uses; d) states the Development's rehabilitation compatibility to the area, and materially benefits the neighborhood or area; and e) how the proposed Development will fit with the City's approved Revitalization Plan (if applicable). **AND** 2) A certification from the architect detailing how the Development will conform to the surrounding neighborhood; and 3) If a HOPE VI transaction, a copy of the approval letter from HUD for the HOPE VI funds must be included. Place in Tab P.

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| Maximum Number of Points |
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f. Lease Purchase

Development that will offer homeownership opportunities to qualified tenants after the initial 15-year compliance period (Please see IRS Rev. Ruling 95-49 and of Schedule A, attached). This option is not available for elderly Developments. This point will be available only for single family, townhouse or duplex units. Applicants must have a viable homeownership strategy for residents who inhabit the units during the compliance period. Appropriate supportive services must also be provided for the residents. Please refer to the Compliance Manual Part 4.7.D (Schedule A) for additional Lease Purchase Program requirements.

Required Documentation: The following must all be placed in Tab R: 1) A detailed outline of the lease-purchase program. The plan must include a limited partnership ownership exit strategy . The strategy must incorporate an exit strategy, homeownership counseling and a minimum amount of funds set-aside by the owner to assist the resident in the purchase.; and 2) the lease-purchase agreement, **signed and agreed to by all parties**, with the non-profit organization that will implement the lease-purchase program.

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| Maximum Number of Points | 1 |
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6. Other

a. Indiana Based Owner/Developer

One (1) point will be awarded to a Development for having an Indiana Owner and/or Developer (must hold at least 50% of the GP interest and/or receive at least 50% of the Developer Fee). To be considered an Indiana Owner/Developer you must have a permanent office located within the State of Indiana and have been located in Indiana for a minimum of 1 year.

Required Documentation: Completed Form A (Application) Section D.2.g

Note: An onsite leasing office and P.O. Boxes will not be accepted as an Indiana address.

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| Maximum Number of Points | 1 |
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- b. Points will be awarded to Developments that contribute to the housing and revitalization needs of a community and/or further the community's housing goals. Points will be awarded as follows:

- Form C completed and signed by highest local elected official (or authorized designee) must submit documentation of authorization marked as a moderate priority 1 Points

Required Documentation: Form C fully completed and signed by the highest local elected official (or authorized designee) showing the Development as a moderate priority for the local unit of government. Place in Tab B.

- Form C completed and signed by the highest local elected official (or authorized designee) must submit documentation of authorization marked as a high priority 2 Points

Required Documentation: Form C fully completed and signed by the highest local elected official (or authorized designee) showing the Development as a high priority for the local unit of government. Tab B.

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|---------------------------------|----------|
| Maximum Number of Points | 2 |
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- c. Minority Business Enterprise (MBE) Participation and Women Business Enterprise (WBE) Participation

Minority Business Enterprise and Women Business Enterprise, including D/MBE (Disadvantaged Minority Business Enterprise), and (Disadvantaged Woman Business Enterprise) and DMWBE (Disadvantaged Minority Woman Business Enterprise), means as an individual, partnership, corporation, or joint venture of any kind that is owned and controlled by one or more persons who are: (a) United States Citizens and (b) Members of a racial minority group or female in gender as evidenced by certification from the Indiana Department of Administration, Office of Minority Development. (The Authority understands that this Department does not issue certifications for housing. However, the certification from this Department is acceptable.) "Owned and controlled" means having for: (i) owners and developers: (a) ownership of at least 51% of the enterprise (stock of a corporation; interest in a limited liability company; or general partner of a limited partnership); (b) control over the management and active in the day to day operation of the business; (c) an interest in the capital, assets and profits and losses of the business proportional to the percentage of ownership; and, (d) materially participates in the Development or management of the Development; or (ii) contractors and management entities: (a) ownership of at least 51% of the enterprise (stock of a corporation; interest in a limited liability company; or general partner of a limited partnership); (b) control over the management and active in the day to day operation of the business; and, (c) an interest in the capital, assets and profits and losses of the business proportional to the percentage of ownership. Points will be awarded with one (1) point per certification submitted. Points will be awarded as follows:

- | | |
|--|---------|
| 1) Owner (controlling interest in general partner) | 1 point |
| 2) Developer | 1 point |
| 3) Management Entity (Minimum 2 year Contract)* | 1 point |
| 4) Contractor | 1 point |
| 5) Subcontractor | ½ point |
| 6) Architect/Engineer (part of Development Team) | ½ point |

*Management Entity must have control over all management activities for the Development. The management agent listed on the application must be used by the owner of the Development for at least two years after Development's completion unless the agent is guilty of material non-performance of duties. Upon notification to the Authority, a substitution of management agent prior to the 2 year period may be permitted in the sole discretion of the Authority.

Required Documentation: The following must be placed in Tab S: 1) All applicable Development, management and contractor agreements (complete with fee structure) and the names and addresses of all owners, principals and their respective affiliation; and 2) A copy of the entity's certification from the Indiana Department of Administration.

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| Maximum Number of Points |
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| 2 |
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d. Unique Features

The Development has unique features that contribute to the Development of affordable housing in the community where the Development is located. This may include the unit and common area amenities, financial structure, community support, location, services offered to all residents. Points are awarded relative to other Developments being scored during each Application cycle and are awarded in IHCD's sole and absolute discretion (may be awarded ½ point increments).

Required Documentation: IHCD will use the Narrative Summary (which should include a unique features section) submitted for the proposed Development and other information submitted within the application to determine points awarded. Place in Tab A.

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| Maximum Number of Points |
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e. Services

Services should be tailored to the needs of the targeted clients and preference will be given to those Applicants offering the services on-site and at no cost to tenants. Consideration will also be given to Applicants that provide a majority of services off-site due to special circumstances. To receive points, services must be specific to the Development and give special consideration to the residents of the Development.

- 1) Applicants proposing **moderate** service package with firm commitments for 3 years **effective at the placed in service date** (defined scope of services proposed, signed commitments by all parties, with some evidence of coordination, and a financing plan) will receive 1 point.

OR

- 2) Applicant proposes **exceptional** service package with firm commitments for 3 years **effective at the placed in service date** (defined scope of services proposed, signed commitments by all parties, with some evidence of coordination, and a financing plan), **and a written service package plan to meet the needs of the of the tenants over the lifetime of the Development** will receive 2 points.

Required Documentation: 1) Written agreements with qualified organizations evidencing types of **optional** services to be provided to the residents of the Development (e.g. on-site day care service, credit counseling, learning centers, access to computer hardware and software training, transportation, health screening, meal service, etc.). To receive points, the agreement must be **signed by all parties** and include: 1) the term of the agreement; 2) the defined scope of service; 3) cost, if any, to the tenants; 4) frequency of service; and 5) financing plan and 2) the resume of the organization providing the services (resume must demonstrate ability to provide the services agreed upon). To receive points for exceptional services, a written service plan must also be included detailing a proposed service package that would meet the needs of the tenants over the lifetime of the Development. Place in Tab T.

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| Maximum Number of Points |
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f. Technical Correction Period

During the funding round and after IHCDAs' review of Threshold for each Application, IHCDAs will award three (3) points to those Developments that pass Threshold without any technical errors or incomplete information.

However, Applications that do not pass Threshold because of technical errors or incomplete information will be provided an opportunity to submit additional information through the following process, although those Applicants will not receive points in this category:

- IHCDAs will contact the Applicant with the items where the Application failed Threshold review;
- The Applicant will be allowed no more than 14 calendar days to provide additional information to IHCDAs for the Application to pass Threshold;
- Information may be faxed to IHCDAs, but an original must be mailed as well within the 14 day correction period;
- Once information has been received, IHCDAs will NOT respond with the status of the application or the additional information other than to verify its receipt;
- Clarification of documentation that has already been provided in the Application will still be eligible for points in this category as long as no additional documentation is required for the Application to pass Threshold, in the Authority's sole discretion;
- Applications that do not pass Threshold because of Market Study issues or point scoring, will not be eligible to utilize the Technical Correction Period. Any documentation that is provided during the technical correction period that is also applicable to a related scoring item will be reviewed only for Threshold correction and will not be utilized during the scoring review process for the Application;
- No Applicant will be allowed to submit additional documentation during the Technical Correction Period to score points in any point scoring category;
- IHCDAs, in its sole discretion, will determine if the additional documentation submitted during the Technical Correction Period is adequate for the Application for pass Threshold. After the 14 calendar day correction period, no additional documentation will be requested or accepted from the Applicant.
- The Correction Period will apply to those Applications utilizing HOME as well.

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| Maximum Number of Points |
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G. Miscellaneous

1. For 2007-2008, the Authority will make all reasonable attempts to reserve all of its Rental Housing Tax Credits in one (1) scheduled Application and Reservation cycle. However, a wait list will be formed from those applications that did not receive a preliminary reservation of credits in the main round. If RHTCs become available and the Authority, in its sole and absolute discretion, a reservation announcement will be made at the November Board meeting for applications on the wait list being awarded a preliminary reservation of Rental Housing Tax Credits according to ranking of the wait list and funds available. Dates for the round are as follows:

Rental Housing Tax Credits

Application Deadline Date

March 2, 2007
March 7, 2008

Reservation Date

June 21, 2007
June 19, 2008

Private Activity Bonds

Application Deadline Date

June 15, 2007
January 8, 2008

Reservation Date

August 23, 2007
March 20, 2008

Note: The actual reservation date will correspond to the respective monthly meeting date of the Board of Directors of the Authority.

Applications for RHTCs must be received and date stamped by the Authority no later than 5:00 p.m. local time on or before the Application deadline date noted above. **Applications received after such time and incomplete Applications will not be considered.**

The Authority will not provide verbal reports of the current status of a Development during the review process.

2. Fees

All fees should be made payable to IHCDA. A fee of \$25 plus any applicable bank charges will be charged to the Applicant and/or Developer for any checks returned for insufficient funds or stopped payment and will require subsequent payments made to IHCDA by the entity or individual to be in the form of a cashier's or certified check or money order.

- a. All Applicants must submit a non-refundable Application fee with each Application as a condition of having the Development considered. Application fees for 2007-2008 are as follows:

\$1,000 for Developments with 35 or fewer units
\$1,500 for Developments with more than 35 units
\$1,500 for all Developments with tax-exempt financing

b. Conditional Commitment Reservation Fee

Applicants receiving a reservation of RHTCs for a proposed Development from the Authority must pay a **non-refundable** reservation fee to the Authority within fifteen business (15) days after the date of a Conditional Commitment. **This fee is payable in addition to the Application fee and equals six and half percent (6.5%) of the annual amount of RHTCs for the Development.** For example, if a Development is to receive \$10,000 of RHTCs annually, then the Applicant must pay a reservation fee of \$650.

c. Additional Fee(s)

The Authority will assess the Development and/or Applicant the reasonable costs (including any costs and fees it may incur) for additional or extraordinary services requested by or required of any Applicant, Owner or Development. All such assessments must be paid prior to any final allocation of RHTCs (i.e. the issuance of IRS Form 8609) or before any subsequent Application will be considered, whichever should first occur.

The following is a fee schedule for typical services, however, this schedule is not all inclusive:

- **\$500** for requests for changes in the characteristics of the Development, such as unit type, distribution, or targeting, or for changes to scoring criteria.
- **\$1,500** for requests for changes in the ownership structure; or for requests for extensions for meeting special conditions set forth in the Reservation/Conditional Commitment Letter.
- **\$1,000** for requests for issuance of amended IRS Form(s) 8609 due to an error in the submission of final Allocation documentation.
- **\$1,000** for requests for an amended Carryover Allocation resulting from a change in the building identification numbers or other modification (i.e. legal description errors, etc.).
- From time to time IHCD A may set deadlines for particular Developments to submit additional documentation during the IRS Form 8609 review process. A written warning will be given to the Applicant, Owner, and/or Developer once a deadline is missed with no response. However, a **\$10 per day** fee will be assessed to the Applicant, Owner, and/or Developer for any additional deadlines missed during the IRS Form 8609 review process for that Development.

The fee for these services should be included with the request and must be received before IHCD A will proceed with its review/process.

3. Use of forms

The Authority **requires** the use of the forms included in the Forms section of this QAP. Any deviations from or changes to the language will revoke the Rental Housing Finance application and/or award. Owners who have received an allocation in prior years must use the most recent forms, irrespective of the year the allocation was received.

NOTE: Starting with allocations made in 2004, the Owner may provide the Final Application **only** on the forms from the year in which the Development was funded or the most current version. However, IHCD A

reserves the right to require an Applicant to submit the Final Application on the most current version if information in the submission is missing or is not accurate.

2. Conditional Commitments

If an Applicant receives a reservation of Rental Housing Financing, the reservation is subject to the following conditions, which must be timely completed and satisfied:

- a. Payment to the Authority, in good funds, of the required **nonrefundable** reservation fee of 6.5% of the annual Credit amount reserved for the Development within 15 business days from the date of the Conditional Commitment.
- b. Pursuant to the Application, the items listed below must be timely submitted to and approved by the Authority within one hundred fifty (150) days after the letter notifying the Owner of conditional reservation:
 - An ALTA (or ILTA) survey;
 - Building Permit or Documentation of Status Approval;
 - Site Plan Approval by Locality;
 - Construction Contract;
 - Documentation as to the Percent Completion of Plans and Specifications;
 - State Approval of Plans & Specifications;
 - Federal I.D. Number of Ownership Entity;
 - Development Agreement with Fee Structure;
 - IHCDCA name and logo prominently displayed on funding source signage;
 - Monthly Development updates will be required as a condition of the Conditional Commitment;
 - The Owner must demonstrate that an adequate amount of funds which, together with your financing, will be sufficient to complete the construction and/or rehabilitation of the Development.
 - The Owner must demonstrate that the Development, Development Owner and all other members of the Development Team (including, without limitation, the construction contractor and management agent) are and shall continue to be in compliance with all federal, state and local laws, regulations, rules and other requirements applicable to the Development, Development Owner and the respective parties comprising the Development Team.
 - Other documentation as required by the Authority

4. Semi-Annual Progress Reports

All Developments must submit a Semi-Annual Progress Report to IHCDCA on or before June 1st and December 31st each year until IRS Form 8609(s) have been issued for the Development. Refer to Form I. for the Semi-Annual Progress Report required.

5. Changes in Ownership

IHCDCA Board of Directors must approve any change in ownership or transfer request if made prior to the issuance of IRS Form 8609 for any Development that has received an allocation of Rental Housing Financing and/or Bonds.

Failure to notify the Authority of changes in ownership for RHTCs and/or Bonds after the issuance of IRS Form 8609 could result in the allocation being rescinded and/or possible non-compliance issues.



See Schedule B for IHCD's Ownership Change procedures.

6. Development and/or Applicant/Owner Modifications

Modifications to the Development that affect Threshold Requirements, and/or scoring items in the Allocation Plan in any way without prior written approval from the Authority may result in a reduction and/or rescission of the Authority funding (including private activity tax-exempt bonds).

7. Applying for RHTCs with other Rental Housing Financing

In the event that an Application is competitive for RHTCs but either (1) the Application fails the HOME threshold review; or (2) HOME funds are not available, IHCD will allow the Applicant to submit additional information to identify other means of filling the Development's financing gap. Upon timely receipt of satisfactory information, these applications will continue to be allowed to compete for an allocation of RHTCs.

8. Carryover Allocations

If the Applicant intends to request a carryforward allocation for 2007-2008 RHTCs, all necessary requirements of the Carryover election must be met and the documentation submitted to the Authority no later than November 12, 2007-2008 for those awarded RHTCs in 2007-2008.

The Applicant must certify that the reasonable expected basis in the Development is more than 10% as of the later of the date, which is 6 months after the date the allocation was made or the close of the calendar year in which the allocation is made. The anticipated reasonably expected basis in the Development, which is more than 10% is required to be expended at the time the carryover election is made. See Carryover Agreement and Ten Percent (10% Letter), Form D.

The Owner may irrevocably elect to enter into a lock-in agreement, pursuant to Section 42(b)(2)(A)(ii) of the Code, to fix the applicable credit percentage for the Development as the percentage is prescribed by the Secretary of the Treasury for a month prior to the month the Development is placed-in-service. A lock-in Agreement (Form F) must be submitted to the Authority on or before the 25th day of the month in which it is desired to lock in the rate for that month. The Authority will execute complete, accurate and correct Lock-in Agreements no later than the 5th day of the following month. In the event that the Owner submits a Lock-In Agreement on or before 25th day of the month which is incorrect, incomplete or inaccurate and which requires a modification, supplementation or resubmission of the Lock-In Agreement, the Authority may, in its sole and absolute discretion, elect to not enter into such Lock-In Agreement prior to the 5th day of the following month. In such case, however, the Authority will notify the Owner of such decision and the Owner will be permitted to withdraw such Lock-In Agreement.

The Authority requires the use of the Carryover and 10% Cost Certification forms provided with this QAP. Any deviations from or changes to the language will revoke the Rental Housing Finance Application and/or allocation.

9. Issuance of IRS Form 8609 ("8609")

IRS Form 8609(s) will only be issued once. However, in exceptional circumstances the Authority may, in its sole discretion and upon receipt of additional fees (as determined by the Authority) elect to review additional circumstances that may allow for the issuance of amended IRS Form 8609(s). All documents requested shall be submitted to the Authority in a timely manner as defined by the Authority.

The entire Final Application and Final Cost Certification package to request IRS Form 8609 in a form acceptable to the Authority must be submitted as soon as possible after the Development has been placed in service but no later than six months following the issuance of the Certificate of Occupancy/Substantial Completion for the Development and/or the placed in service date of the last building in the Development. The Applicant may request an extension of this deadline, which will be reviewed by IHCDA on a case-by-case basis. If this deadline is missed, one warning will be given for the Development. After the first warning, a fee of \$10 per day will be assessed for any additional missed deadlines associated with the Development during the IRS Form 8609 process.

Within one year prior to a request for and issuance of IRS Form 8609 the property management staff assigned to the Development and the owner of the Development must receive an IHCDA Rental Housing Tax Credit Compliance Seminar completion certificate. The Management Agreement between the owner and the management company must be for a minimum of two (2) years effective at the “placed in service date”, as evidenced in the management agreement. Upon notification to the Authority, a substitution of management agent prior to the expiration of the two (2) year period is permitted if the management agent is guilty of material nonperformance of its duties. However, if replacement of the management agent is warranted and the Development received points for Minority Owner Business Enterprise (MBE) or Woman Owned Business Enterprise (WBE), the new management must also satisfy these criteria.

The owner must submit at a minimum the following documentation to the Authority within six (6) months from the time the Development is placed in service:

- Pre-8609 Physical Inspection Request Form – this form should be submitted as soon as possible after the entire Development is placed in service, even if the other documents for the 8609 package are not available. IHCDA will then conduct a physical inspection of the property. All items from the physical inspection must be addressed before IHCDA will issue IRS Form 8609. See Form H.
- Completed Final Rental Housing Finance Application and Cost Certification (Starting with allocations made in 2004, the Owner may provide the Final Application only on the forms from the year in which the Development was funded or the most current version. However, IHCDA reserves the right to require an Applicant to submit the Final Application on the most current version if information in the submission is missing or is not accurate.);
- Certificate(s) of Occupancy for each building in the Development, or Certificate(s) of Substantial Completion for all rehabilitation Developments;
- All permanent (closing) financing documents;
- All construction financing documents;
- Current partnership agreement or limited liability company operating agreement, including all exhibits and schedules executed by the limited and general partners or managing member;
- Original executed recorded Declaration of Extended Low Income Housing Commitment, executed by owner, lender and the Authority. Before this document is recorded, IHCDA must review and execute it. This process may be done before the Final Application is submitted and the IRS Form 8609 review process has begun;
- IHCDA Rental Housing Tax Credit Compliance Seminar Certificate. Owner and management agent must have attended within the last year. An Owner that has previously received an IRS Form 8609 for a completed Indiana Development will not be required to attend this Seminar.
- Executed Development Agreement;
- Copy of deed showing partnership as owner;
- Executed Management Agreement;
- Photographs of the completed Development (exterior and interior); and
- Documentation of MBE/WBE participants . If participants have changed since initial application, copy of the signed contract/agreement and a copy of the entity’s certification from the Indiana Department of Administration must be submitted.

- Owner affidavit of services being provided to the Development along with the term for services provided and cost to the tenants.
- Any other documents that the Authority may require in determining the final amount of RHTCs to be allocated to the Development and the Development's conformance with the requirements of Section 42.

The Authority anticipates mailing out IRS Form 8609(s) up to 90 working days after the requested materials have been submitted to the Authority. Incomplete or insufficient documentation will result in a delay of the 8609 issuance.

10. Dissemination of Information

Any Applications of Developments which received an allocation of Rental Housing Tax Credits or Private Activity Tax Exempt Bonds without attachments exhibits, are available for dissemination and publication to the general public.

To request a copy of a funded application for Rental Housing Tax Credits or Private Activity Tax Exempt bonds, you must:

- Submit your request in writing with a postage paid envelope for \$ 2.21 for each application request or your account number for FedEx or Airborne Express.
- The name(s) and location(s) (City) of each Development and the year the Development was funded.
- Include a check made payable to the Indiana Housing and Community Development Authority in the amount of \$ 5.52 (.12 per page) for each application. (If requesting multiple applications, multiply this amount times the number of applications you are requesting), to cover appropriate copying costs.
- Send your request to the IHCD – ATTN: Tax Credit Assistant, 30 South Meridian St., Suite 1000, Indianapolis, IN 46204

No request will be processed without the above information. Please allow a minimum of ten (10) days for processing for each request.

11. If the potential Development has an open HOME, CDBG, or LIHTF award through the Housing from Shelters to Homeownership program, the Applicant may request funding through the QAP; however IHCD must approve this action prior to the Application deadline. Requests will be reviewed and underwritten on a case-by-case basis. If the Application is re-underwritten, the Applicant will be subject to an underwriting fee. Applicants may be required to de-obligate, repay, or reduce the amount of their current award prior to the Application deadline. Applicants must request approval at least 30 days prior to the application deadline.